

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 269 - HB 866

March 8, 2021

**SUMMARY OF ORIGINAL BILL:** Prohibits the Alcoholic Beverage Commission (ABC) from auctioning off contraband alcoholic beverages at less than 25 percent of the average retail price, as determined by ABC.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

**SUMMARY OF AMENDMENT (004454):** Deletes all language after the enacting clause. Prohibits delivery service licensees from charging a fee that exceeds 10 percent of the price of each alcoholic beverage or beer sold. Clarifies that the delivery service licensee is not responsible for remitting applicable taxes on the alcoholic beverages or beer. Clarifies that the charging of a delivery fee must not be construed as the delivery service reselling alcoholic beverages or having a direct or indirect interest in a retailer.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- Based on Fiscal Review Committee staff research the average delivery fee charged is approximately \$5.00.
- Companies like Wine.com and Minibar have reported average order sizes in excess of \$50.00; therefore, the average delivery fee charge is estimated to be under 10 percent.
- It is estimated that if companies were required to lower their delivery fees, some companies would increase the minimum order sale amount. However, any impact on total sales in the state is estimated to be not significant.
- The decrease in the price of the average delivery from \$5.00 to potentially less than \$5.00 could result in a decrease in sales and use tax collections charged on the delivery fee. However, due to the large number of transactions that would have to occur below the average order size that would be impacted by this legislation, the estimated fiscal impact is determined to be not significant.

- There will be no significant impact on tax revenue resulting from the clarification that delivery services are not responsible for remitting applicable taxes on alcoholic beverages or beer.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Bojan Savic". The signature is written in a cursive, flowing style.

Bojan Savic, Interim Executive Director

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